

Supplemental Specifications to The Standard Specifications for Road and Bridge Construction, 2004 Edition (Effective with the January 20, 2006 Letting) Section 109.07, Fuel & Asphalt Adjustments.

SUBSECTION: 109.07 PRICE ADJUSTMENT.

REVISION: Replace the section with the following:

109.07 PRICE ADJUSTMENTS. Due to the fluctuating costs of petroleum products, the Department will adjust the compensation of specified liquid asphalt items and diesel fuel in contracts when contract quantity thresholds are met.

109.07.01 Liquid Asphalt. The Department will compare the Kentucky Average Price Index (KAPI), for the month that the Contract is let, to the index for the month that the Contractor places the material on the project to determine the percent change. When the original contract quantity for asphalt items is equal to or greater than 3,000 tons and when the average price of the liquid asphalt products increases or decreases more than 5 percent, the Department will adjust the Contractor's compensation. The KAPI is calculated monthly using the weighted average price, per ton at the terminal, from the active suppliers of liquid asphalt.

Adjustable Contract Items:

- Asphalt Curing Seal
- Asphalt Material for Prime
- Asphalt Material for Tack
- Asphalt Base, All Classes
- Asphalt Binder
- Asphalt Surface, All Classes
- Sand Asphalt Surface
- Asphalt Open-Graded Surface
- Asphalt Seal Coat
- Asphalt Mixture for Leveling and Wedging
- Drainage Blanket - Type II - Asphalt

The Department will determine the price adjustment using the following formulas:

When PC is greater than PL

Asphalt Price Adjustment = $(Q \times A) / 100 \times PL \times [(PC - PL) / PL - 0.05]$

When PC is less than PL

Asphalt Price Adjustment = $(Q \times A) / 100 \times PL \times [(PC - PL) / PL + 0.05]$

Where:

Q = Tons of material or mixture placed each month.

A = Percent of material or mixture that is asphalt.

PL = KAPI for the month that the Contract is let.

PC = KAPI for the month that the Contractor places the material or mixture.

The job-mix formula for asphalt base, binder, and surface mixtures determines "A", which is the percent of asphalt. For recycled mixtures, the Department will determine the adjustment for the new asphalt cement only. The Department will consider materials for prime, tack, and seal as 100 percent asphalt.

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Revision Continued	<p>109.07.02 Fuel. The Department will adjust the Contractor's compensation when the average price of diesel fuel increases or decreases more than 5 percent and the original Contract quantity for the item on which the fuel is consumed is equal to or greater than the threshold quantities listed in the following table.</p>		
	<u>Item</u>	<u>ThresholdQuantity</u>	<u>Fuel/Work</u>
	Roadway Excavation	10,000 cubic yards	0.25
	Embankment-in-Place	10,000 cubic yards	0.25
	Borrow Excavation	10,000 cubic yards	0.25
	DGA Base or Crushed Stone Base	5,000 tons	0.52
	Gravel Base, Type III	5,000 tons	0.52
	Stabilized Aggregate Base	5,000 tons	0.52
	Drainage Blanket, Treated or Untreated	5,000 tons	0.52
	Crushed Sandstone Base (Cement Treated)	5,000 tons	0.52
	Hot-Mixed Asphalt Mixtures for		
	Pavements or Shoulders	3,000 tons ⁽¹⁾	3.00
	PCC Pavement, Base, or Shoulders	2,000 square yards ⁽²⁾	0.14
	⁽¹⁾ Total of all hot mixed asphalt Contract items.		
	⁽²⁾ Total of all JPC pavement, JPC shoulder, and PCC base, Contract items.		
	<p>The Department will determine the price adjustment using the following formulas:</p> <p><u>When PC is greater than PL</u> Fuel Price Adjustment = $Q \times F \times PL \times [(PC-PL)/PL - 0.05]$</p> <p><u>When PC is less than PL</u> Fuel Price Adjustment = $Q \times F \times PL \times [(PC-PL)/PL + 0.05]$</p> <p>Where:</p> <p>Q = Quantity for applicable item placed or performed that month.</p> <p>F = The fuel to work unit ratio for each applicable item.</p> <p>PL = Average reseller price of diesel fuel, excluding taxes, discounts, and superfund line items, in the Kentucky region for the month that the Contract is let.</p> <p>PC = Average reseller price of diesel fuel, excluding taxes, discounts, and superfund line items, in the Kentucky region for the month that the Contractor uses the fuel on the project.</p>		
	<p>109.07.03 Payments and Deductions. When thresholds are met, the Department will adjust the Contractor's compensation for each eligible pay item, paid or deducted, monthly.</p> <p>If later price decreases indicate that the Department made an overpayment, the Department will withhold the overpayment from succeeding pay estimates on the project, or the Contractor shall immediately refund the over payment to the Department.</p> <p>When the Contractor places materials during any month after the month that the Contract time (including all approved time extensions) expires, the Department will use the average price for the month that the Contractor places the material or the average price for the last month of the Contract time; whichever is least.</p> <p>The Department will not grant a time extension for any overrun in the Contract amount due to payments made according to this section. The Department will not make any additional compensation due to adjustments made according to this section.</p> <p>The Department will adjust the Contractor's compensation on the following months pay estimate and on the final pay estimate. The Department will make the final adjustment of the Contractor's compensation on the final estimate for the project.</p>		